First Quarter 2020 Results

June 30, 2020

Ron Cogburn, CEO
Shrikant Sortur, CFO

NASDAQ: XELA

http://investors.exelatech.com/

Disclaimer

Forward-Looking Statements

Certain statements included in this presentation are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as "may", "should", "would", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "seem", "seek", "continue", "future", "will", "expect", "outlook" or other similar words, phrases or expressions. These forward-looking statements include statements regarding our industry, future events, estimated or anticipated future results and benefits, future opportunities for Exela, and other statements that are not historical facts. These statements are based on the current expectations of Exela management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties, including without limitation those discussed under the heading "Risk Factors" in the Annual Report. In addition, forward-looking statements provide Exela's expectations, plans or forecasts of future events and views as of the date of this communication. Exela anticipates that subsequent events and developments will cause Exela's assessments to change. These forward-looking statements should not be relied upon as representing Exela's assessments as of any date subsequent to the date of this presentation.

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Non-GAAP Financial Measures and Related Information

This presentation includes constant currency, EBITDA and Adjusted EBITDA, each of which is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Exela believes that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance, results of operations and liquidity and allows investors to better understand the trends in our business and to better understand and compare our results. Exela's board of directors and management use constant currency, EBITDA and Adjusted EBITDA to assess Exela's financial performance, because it allows them to compare Exela's operating performance on a consistent basis across periods by removing the effects of Exela's capital structure (such as varying levels of debt and interest expense, as well as transaction costs resulting from the combination of Quinpario Acquisition Corp. 2, SourceHOV Holdings, Inc. and Novitex Holdings, Inc. on July 12, 2017 (the "Novitex Business Combination") and capital markets-based activities). Adjusted EBITDA also seeks to remove the effects of integration and related costs to achieve the savings, any expected reduction in operating expenses due to the Novitex Business Combination, asset base (such as depreciation and amortization) and other similar non-routine items outside the control of our management team. Optimization and restructuring expenses and merger adjustments are primarily related to the implementation of strategic actions and initiatives related to the Novitex Business Combination. All of these costs are variable and dependent upon the nature of the actions being implemented and can vary significantly driven by business needs. Accordingly, due to that significant variability, we exclude these charges since we do not believe they truly reflect our past, current or future operating performance. The constant currency presentation excludes the impact of fluctuations in foreign currency exchange rates. We calculate constant currency revenue and Adjusted EBITDA on a constant currency basis by converting our current-period local currency financial results using the exchange rates from the corresponding prior-period and compare these adjusted amounts to our corresponding prior period reported results. Exela does not consider these non-GAAP measures in isolation or as an alternative to liquidity or financial measures determined in accordance with GAAP. A limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Exela's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures and therefore the basis of presentation for these measures may not be comparable to similarly-titled measures used by other companies. These non-GAAP financial measures are not required to be uniformly applied, are not audited and should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Net loss is the GAAP measure most directly comparable to the non-GAAP measures presented here. For reconciliation of the comparable GAAP measures to these non-GAAP financial measures, see the schedules attached to this presentation.

Restatement

As described in additional detail in the Explanatory Note to the Company's Annual Report on Form 10-K filed with the SEC on June 9, 2020 (the "Annual Report"), the Company restated its audited consolidated financial statements in the for the years ended December 31, 2018 and 2017 and its unaudited quarterly results for the first three fiscal quarters in the fiscal year ended December 31, 2019 and each fiscal quarter in the fiscal year ended December 31, 2018 in the Annual Report. Previously filed annual reports on Form 10-K and quarterly reports on Form 10-Q for the periods affected by the restatement have not been amended. See Note 20, Unaudited Quarterly Financial Data, of the Notes to the consolidated financial statements in the Annual Report for the impact of these adjustments on each of the quarterly periods in fiscal 2018 and for the first three quarters of fiscal 2019. All amounts in this release affected by the restatement adjustments reflect such amounts as restated.

Rounding

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

Exela is a business process automation (BPA) leader, leveraging a global footprint and proprietary technology to provide digital transformation solutions enhancing quality, productivity, and end-user experience. With decades of expertise operating mission-critical processes, Exela serves a growing roster of more than 4,000 customers throughout 50 countries, including over 60% of the Fortune® 100.

With foundational technologies spanning information management, workflow automation, and integrated communications, Exela's software and services include multi-industry department solution suites addressing finance and accounting, human capital management, and legal management, as well as industry-specific solutions for banking, healthcare, insurance, and public sectors. Through cloud-enabled platforms, built on a configurable stack of automation modules, and over 22,000 employees operating in 23 countries, Exela rapidly deploys integrated technology and operations as an end-to-end digital journey partner.

Embracing complexity.
Delivering simplicity.SM

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Q1 2020
Financial Highlights

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Q1 2020 financial summary and highlights

Revenue	▪ Q1 2020 Revenue of $365.5M (on a reported basis), a decline of 10% yoy and $367.2M on a constant currency[(1)] basis, representing a decline of 9% yoy mainly driven by transition revenue ▪ Transition revenue includes ~$150M annualized revenue that in part is being deliberately exited as Company is aligning the business away from unpredictable, non-recurring revenue unlikely to achieve Company's long-term target margins
Profitability	▪ Q1 2020 Adj. EBITDA of $44.4M or 12.1% margin, as compared to $76.4 M in 2019 or 18.9% margin ▪ Adj EBITDA margins on LMCE Revenue[(2)] were 15.0% in Q1 2020 as compared to 23.3% in Q1 2019 ▪ Q1 2020 margins negatively impacted by the stranded costs related to the transition revenue – FTE related costs that will gradually be removed in response to the transition revenue

Trends	▪ Closed won for the YTD period grew by 52% in Americas and 58% in EMEA yoy, driven by increased demand for Work from Home (WFH) solutions, Digital Mailroom solutions and Payment offerings
	▪ Q2 2020 Revenue is expected to be between $300-$305M including a $35-$40M negative impact from COVID-19
	▪ Headcount reduced by 4% or approximately 920 FTEs on a yoy basis during Q1; 3% decline since Dec 31, 2019
	    ▪ Active workforce reduced by 3,000[(3)] FTEs during Q2 2020 as part of COVID-19 response
	    ▪ Expected to be reduced further to eliminate the stranded costs due to transition revenue
	▪ Liquidity at the end of Q2 2020 - $106M
	▪ H2 2020 gross profit margins are anticipated to increase post COVID-19 downdraft as volumes normalize

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months ended March 31, 2020, to the revenues during the corresponding period in 2019.
(2) Non-GAAP revenue reconciliation is available in the Appendix and is also available on the Factsheet uploaded on Company website.
(3) Please refer to page 12. 3,000 FTEs include inactive employees – 1,700 FTEs furloughed and 1,300 include PTO, absentees, employees not allowed to work with state order and other smaller categories.

Q1 2020 P&L and Adjusted EBITDA

$ in millions	Q1'20 (Actual)	Q1'19 (As restated)	Change ($)
Information and Transaction Processing Solutions	284.1	325.2	(41.1)
Healthcare Solutions	64.0	61.3	2.7
Legal and Loss Prevention Services	17.3	17.8	(0.5)
Total Revenue	**365.5**	**404.4**	**(38.9)**
% change	*-10%*	*3%*	
Cost of revenue (exclusive of depreciation and amortization)	292.5	310.6	(18.1)
Gross profit	**72.9**	**93.8**	**(20.8)**
as a % of revenue	*20%*	*23%*	
SG&A	50.4	49.7	0.7
Depreciation and amortization	23.2	26.6	(3.4)
Impairment of goodwill and other intangible assets	-	-	-
Related party expense	1.6	1.0	0.6
Operating (loss) income	**(2.2)**	**16.5**	**(18.7)**
Interest expense, net	41.6	39.7	1.9
Loss on extinguishment of debt	-	-	-
Sundry expense (income) & Other income, net	(33.6)	4.2	(37.8)
Net loss before income taxes	**(10.2)**	**(27.5)**	**17.2**
Income tax expense (benefit)	2.5	4.7	(2.3)
Net income (loss)	**(12.7)**	**(32.2)**	**19.5**
Depreciation and amortization	23.2	26.6	(3.4)
Interest expense, net	41.6	39.7	1.9
Income tax expense (benefit)	2.5	4.7	(2.3)
EBITDA	**54.6**	**38.9**	**15.7**
EBITDA Adjustments			
1 Gain / loss on derivative instruments	0.8	1.7	(0.8)
2 Non-Cash and Other Charges	(28.5)	11.1	(39.7)
3 Transaction and integration costs	4.4	1.0	3.4
Sub-Total (Adj. EBITDA before O&R)	**31.2**	**52.7**	**(21.4)**
4 Optimization and restructuring expenses	13.1	23.7	(10.5)
Adjusted EBITDA	**44.4**	**76.4**	**(32.0)**
% change	*-42%*	*10%*	
as a % of revenue	*12%*	*19%*	*-7%*

Revenue: Majority of revenue decline is due to transition revenue

COGS: Gross margins decreased by 324 bps in the quarter primarily due to revenue decline in line with plans but certain costs related to transition revenue are expected to take longer to filter out of the Company.

SG&A: SG&A net of one-time transaction costs declined by 5% on a yoy basis driven by lower revenue and cost saving initiatives

D&A: As a % of revenue, D&A was unchanged at around 6.5% for both periods; Expected to decline on a go-forward basis driven by the reduced capex levels

Sundry: Q1 2020 primarily includes gain on the sale of the SourceHOV Tax business along with gain/loss on interest-rate swaps

EBITDA: Majority of the increase is driven by the $35M gain on the sale of TBG business offset by $21M lower gross profits

Adj. EBITDA Addbacks

	Q1 2020 Actuals	Q2-Q4 2020 Estimates
Optimization & restructuring charges	▪ Reduced to $13M from $24M yoy also representing a sequential decline of $1.7M over Q4 2019	▪ Total O&R estimated $25-30M for 2020 implying $12-18M estimated for Q2-Q4 2020
Transaction costs	▪ Increased to $4M from $1M driven by the AR facility and asset sale	▪ Q2 2020 will have one-time fees related to credit agreement amendments ▪ These one-time charges are expected to roll off Q3 onwards

Non-Cash & Other Charges	▪ ($28.5)M mainly driven by
	  ▪ One-time gain of $35M on sale of TBG
	  ▪ Non-cash and other charges declined to $7M from $11M yoy
		▪ Q2-Q4 2020 trends to be mainly in line with Q1 2020 with no major anticipated swings

Improved and stable liquidity trends

($ in millions)	As of 12.31.19	As of 3.31.20	As of 5.29.20	As of 6.29.20
Global liquidity(1)	$31	$97	$106	$106

Steps taken during H1 2020

- Executed the $160M Accounts Receivable facility to expand liquidity
- Non-core asset sales - Sale of TBG business for ~$40M
- Application for stimulus provided by many countries COVID-19 related aid relief
- Other CARES Act provisions including deferral of the company payroll tax match for remainder of 2020 of ~$20 million – 50% has to be repaid in Dec 2021 and 50% in Dec 2022

Some additional levers available

- Anticipated additional non-core asset divestitures in the range of $110-160M on schedule
- Accelerating alignment of businesses acquired since 2017 to its traditionally light working capital model
- Planned reduction in variable and fixed costs due to the transition revenue over and above the planned savings

(1) Global liquidity is calculated in accordance with the definition under the Third Amendment to First Lien Credit agreement and First Amendment to Collateral Agency and Security Agreement (First Lien), dated May 18, 2020, excluding the permitted $12 million of costs related to amendments of the credit documents through June 29, 2020.

Recent Updates

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2020 Management priorities

Management's objectives in 2020 and beyond are to improve operating income and free cash flow

- **Accelerating alignment of businesses acquired since 2017 to its traditionally light working capital model**

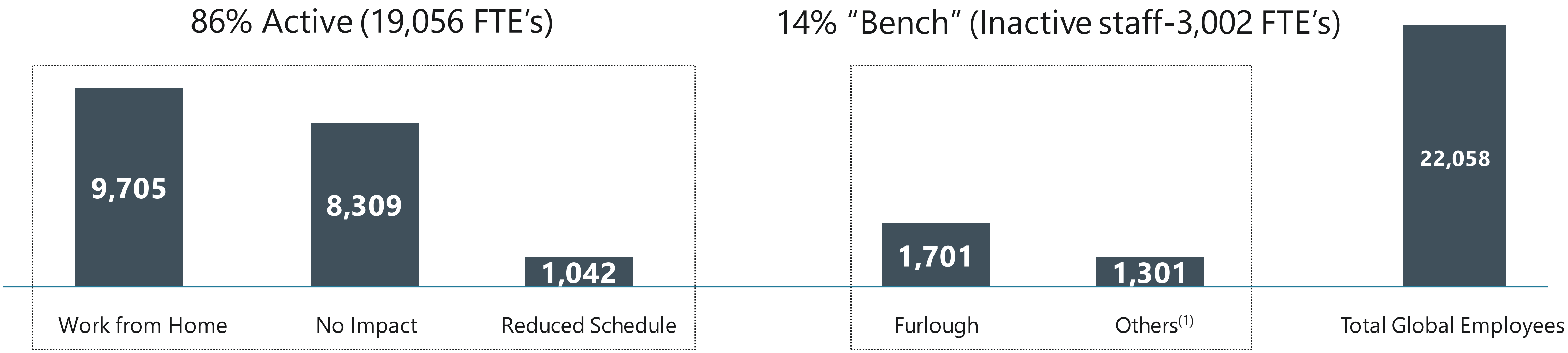
- **Focus on banking, insurance and healthcare industries providing billing and payment solutions and services**
  - **Partnered with Mastercard-Vocalink on UK "Request to Pay" solution**
  - **Extended relationship with Co-operative Bank by launching confirmation of payee service**

- **Increased demand for certain of Company's solutions and services since March 2020 due to COVID-19 has driven a surge in pipeline**
  - **Work from Home (WFH) solutions, Digital Mailroom solutions and Payment offerings**
  - **81K users already live on the "The Home Office" portal with an additional 56K users in the process of being onboarded**

- **Company remains focused to expand liquidity and reduce debt via additional divestures previously announced with estimated proceeds in the range of $110 to $160mm in addition to ~$40M completed in Q1 2020**

COVID-19 Summary

- **Quickly responded to address operational challenges associated with COVID-19 prioritizing employees**
- **Rapid rollout of WFH solutions to empower employees to work remotely and redirecting volumes to less-affected regions**
- **Significant increase in closed won sales both in Americas and EMEA, 52% and 58% respectively driven by demand for WFH solutions and payment offerings mainly from existing customers**
- **Adjusting operational capacity to match demand levels to mitigate gross margin impact**
- **Maintained over $100M+ liquidity levels to be adequately prepared**
- **Ongoing operational turnaround and discipline further helped the Company navigate the COVID-19 situation**
- **Well prepared from an operational perspective as volumes expected to recover in H2 2020**



Note: All Operational data as of June 5, 2020.

(1) Others include PTO, absentees, employees not allowed to work with state order and other smaller categories.

COVID-19 Update - Customer Testimonials

"*__In acknowledgement of the tremendous results we have seen__ and the fact that this benefit is going directly to the dedicated men and women who support our customers, we have decided to pay the amount of __$35,650__ [as appreciation dollars to the ground team members].*

Executive Director, Payment – Credit Card Operations
One of the top 5 global banks

"*__On behalf of our team, we want to send a big "Thank you"__… You and your team play a critical role to support these essential services and have adapted to our service modifications and been there to help us out where needed. Your team has shown commitment, dedication and professionalism during this time which is very much appreciated. Please pass along our appreciation of thanks to your entire team.*

Senior Advisor, Workplace Operations
Leading integrated oil company in Canada

"*__I appreciate that your team has stepped up to the challenge__ and kept things going. We do appreciate the partnership and commitment you and team have had to our business.*

SVP director of Bank Operations
One of the largest regional banks in the Mid-west

"*Everyone in the EO has stepped up and continued to fulfill our critical operational and customer support responsibilities, in many cases finding novel, technology-driven ways to do so. __I have no doubt that many of the innovations we have uncovered during "max telework" will benefit DOJ, ENRD and the EO even after we all return to the office.__*

Executive Officer, DOJ Executive Office
Department of Veteran Affairs

"*__We realize the challenges you faced__ with offshore staff and inbound mail operations, __and you have done an excellent job__ recovering as quickly as you did. We appreciate the efforts you are making on a daily basis!*

Managing Director – Payments & Plastics
One of the top 5 global banks

"*__We appreciate the great efforts__ from Exela and all of your dedicated colleagues!*

EVP Treasury Solutions
One of the largest regional banks in the North-East

"*__Your team has been doing an excellent job__ of keeping us informed of status and staying on top of the workload. I am impressed with the ability your company has shown in staying on top of this.*

Head of Treasury and Payment Operations
One of the top 5 global banks

"*__We are so appreciative of the service__ they continue to provide during these challenging times!! Please thank them for continuing to support our customers!*

Operations Manager
One of the top 5 global insurance companies

"*__We appreciate your team and partnership in this challenging time.__ We also appreciate the open, transparent dialogue.*

Head of Treasury, Global Payment Operations
One of the leading national banks

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Appendix

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Reconciliation of non-GAAP measures – Revenue and Adj EBITDA

Non-GAAP constant currency revenue reconciliation

($ in millions)	Three months ended 31-Mar-20	Three months ended 31-Mar-19 (as restated)
Revenues, as reported (GAAP)	**$365.5**	**$404.4**
Foreign currency exchange impact (1)	1.8	
Revenues, at constant currency (Non-GAAP)	**$367.2**	**$404.4**

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months ended March 31, 2019, to the revenues during the corresponding period in 2020.

Reconciliation of Adjusted EBITDA

($ in millions)	Three months ended 31-Mar-20	Three months ended 31-Mar-19 (as restated)
Net loss (GAAP)	**($12.7)**	**($32.2)**
Interest expense	41.6	39.7
Taxes	2.5	4.7
Depreciation and amortization	23.2	26.6
EBITDA (Non-GAAP)	**$54.6**	**$38.9**
Transaction and integration costs	4.4	1.0
Optimization and restructuring expenses	13.1	23.7
Gain / loss on derivative instruments	0.8	1.7
Other Charges	(28.5)	11.1
Adjusted EBITDA (Non-GAAP)	**$44.4**	**$76.4**
Foreign currency exchange impact (1)	0.1	
Adjusted EBITDA, at constant currency (Non-GAAP)	**$44.5**	**$76.4**

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months ended March 31, 2019, to the adjusted EBITDA during the corresponding period in 2020.

Reconciliation of non-GAAP measures – Revenue & Adjusted EBITDA Margin

($ in millions)	Three months ended 31-Mar-20	Three months ended 31-Mar-19 (as restated)
Revenues, as reported (GAAP)	**$365.5**	**$404.4**
(-) Postage & postage handling	69.7	75.5
Revenue - Net of pass through (Non-GAAP)	**$295.7**	**$328.9**
(-) LMCE	-	1.8
Revenue - Net of pass through & LMCE (Non-GAAP)	**$295.7**	**$327.1**
Revenue growth %	(9.6%)	
Adjusted EBITDA (Non-GAAP)	**$44.4**	**$76.4**
Adjusted EBITDA margin	**15.0%**	**23.3%**